



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Industrial Development Incentive Package
Apache Plastics, L.P. -- 300 S. Beckman Road, Lodi

MEETING DATE: June 19, 1996

SUBMITTED BY: City Manager

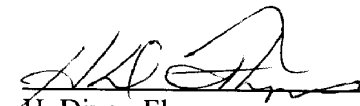
RECOMMENDED ACTION: That the City Council review the agenda item as presented at the meeting and take appropriate action.

BACKGROUND INFORMATION: Staff is currently negotiating a proposed incentive package with an industrial user wishing to occupy the Triangle Pacific building located at 300 S. Beckman Road.

Several issues are still being discussed with principals of Apache Plastics, L.P., but staff is confident that closure of all issues will be attained by the June 19 meeting and a recommendation will be presented to Council at that time.

FUNDING: Not applicable

Respectfully submitted,



H. Dixon Flynn
City Manager

Prepared by: Tony C. Goehring
Economic Development Coordinator

APPROVED: _____



H. D. FLYNN
City Manager

CITY COUNCIL

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June 3, 1996

Mr. Lawrence G. Beasley, President
APACHE PLASTICS, L.P.
2050 East Fremont Street
Stockton, CA 95205

RE: APACHE PLASTICS, L.P. COST AND INCENTIVE PACKAGE

Dear Larry:

In response to your fax memo dated May 22, 1996 in which you requested the City of Lodi to outline City costs and proposed incentives, we are offering this letter and attachments as inducements to facilitate Apache Plastic's relocation to the Triangle Pacific building located at 300 S. Beckman Road in Lodi. Each of the Items (1-7) have been discussed by staff, and we are prepared to recommend the business incentive package, as outlined, to the City Council at the June 19, 1996 meeting for their approval.

Items 1-6 of your memo deal exclusively with electric utility rates and are addressed in the Preliminary Rate Agreement attached to this letter. Questions or comments regarding conditions of the proposed agreement should be addressed to either Alan Vallow or Jack Stone of the Electric Utility Department at 209/333-6762.

You have targeted several issues in Item 7. Since each has its own set of costs and timing requirements, I will outline staff's position on each of them in the order of your memo:

1. Based upon the preliminary site plan furnished by you at the last economic development review meeting, public works staff has estimated approximately 6.7 acres to be paved on site. This work will be subject to a \$10,150/acre fee totaling \$68,000. Due to AB 1600 restrictions, we are precluded from waiving this fee. However, arrangements can be made to pay the fee over time at a low interest rate. This must be recommended to Council.
2. Frontage improvements along Beckman Road are required and will ultimately have to be put in place. Your present plans do not, however, trigger this action. Completion of these improvements can be deferred until the existing vacant property fronting the Triangle Pacific building and Beckman Road is developed. The estimated cost for curb, gutter, sidewalk and shoulder paving on Beckman Road is approximately \$26,000.
3. Sidewalks along Thurman Street are important to pedestrian flow within the business park as well as to maintaining consistent development standards. As a condition of a prior agreement with the Triangle Pacific Corporation, the City of Lodi agreed to construct the

street improvements on Thurman Street in exchange for a grant of right-of-way by Triangle Pacific Corporation. The estimated cost for these improvements is approximately \$10,000. Staff will recommend to Council that the City assume the responsibility of completing these improvements at no expense to Apache Plastics, L.P.

4. I have attached estimates for your monthly water and sewer service charges and your sewage capacity fee. Calculations were based upon Stockton plant parameters and flow estimates as provided by Dan Crownover. As noted, your monthly water charge is estimated at \$310.90. Your total monthly service billing for sewer is estimated at \$320.81. The total sewage capacity fee is estimated at \$78,559 , and is a one time fee.

Staff will not support waiving payment of the waste water capacity fee, but will recommend paying the fee over time. This type of format should effectively reduce your upfront cost requirements for a minimum of two years. Assuming you agree, the payment schedule could look something like this:

Estimated Sewer Capacity Fee: \$78,559

	% of Total Estimated Capacity Fee	Capacity Fee
Year 1:	10 %	\$ 7,855.90
Year 2:	10 %	\$ 7,855.90
Year 3:	20 %	\$ 15,711.80
Year 4:	30 %	\$ 23,567.70
Year 5:	30 %	\$ 23,567.70
TOTAL	100 %	\$ 78,559.00

At the end of two years, assuming we have adequate flow figures, the capacity fee payments will be adjusted to reflect actual flow and strength measurements. As discussed, the City of Lodi capacity fees are under review. If during the five year payment plan results of the review warrant revisions to the fee and those changes are adopted by Council action, the fee will be restructured . In the event the fee is reduced, Apache Plastics, L.P. will be given the benefit of the lower rate. In no case, however, will the capacity fee rate be higher than that which was used to calculate the estimate of \$78,559.

5. Criteria for a required fire suppression system is undetermined at this time. As discussed, I would recommend that our Fire Marshall, Steve Raddigan, and Chief Building Inspector, Roger Houston, visit both your Stockton plant and the Triangle Pacific building. The visit will enable them to observe current operations, determine possible system requirements and estimate potential costs.

Additionally, Larry, I am enclosing a permit application package for your convenience. If you will have Dan Crownover complete the application and submit 5 sets of floor plans that include electrical, mechanical and plumbing information, our building inspection division will conduct a special inspection and preliminary code analysis for you. The analysis will take the guesswork out of code requirements and provide estimates of building permit costs.

Costs are minimal at \$80.00 for the special inspection fee and \$30.00/hour for the code analysis; and are well worth it. Moreover, we will commit to expediting the permit process so that it will be as hassle-free as possible.

Thank you very much, Larry, for your interest in Lodi. Businesses such as yours are very important to the economic growth of our community, and I hope you will consider our proposal a "business-friendly" one. Should questions arise regarding the content of this proposal, please call me. And, in the event another meeting between City staff, you and your staff is desired, I will be happy to arrange the meeting for us. I look forward to working with you and hearing from you soon.

Sincerely,



Tony C. Goehring
Economic Development Coordinator

TCG/

Attachments

cc: Dixon Flynn, City Manager
Jack Ronsko, Public Works Director
Alan Vallow, Electric Utility Director
Richard Prima, City Engineer
Fran Forkas, Water/wastewater Superintendent
Frank Beeler, Assistant Water/wastewater Superintendent

LARRY BEASLEY CONVERSATION ---- 6/12/96

PAVING FEE SCHEDULE:

- > City will extend the payment schedule over 5 years
- > Payment rate is based upon LAIF rate plus 1/2% in effect at the time an Agreement is executed
- > Balance can be prepayed at no interest or pre-payment penalty
- > An adjustment to contract rates will be considered in the event a material change in rates occur, either up or down
- > Paving fee is estimated at \$68,000

Exhibit "A"